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C O N F I D E N T I A L GUATEMALA 000069

SIPDIS

DEPT FOR PM/DTCC- BLUE LANTERN COORDINATOR

E.O. 12958: DECL: 01/26/2019
TAGS: [ETTC](#) [KMOC](#) [GT](#)
SUBJECT: GUATEMALA: BLUE LANTERN PRE-LICENSE CHECK,
050137099

REF: A. STATE 133173
[B](#). 03 GUATEMALA 67
[C](#). 08 GUATEMALA 1148
[D](#). 08 USDOC 04860

Classified By: Political Officer Lance Hegerle for reasons 1.4(b,d)

[1](#). (SBU) Summary: In response to ref a, PolMil Officer researched the bona fides of the arms import company Munar S.A. The research included an on-site inspection of the facility, an interview with the company's owner, and records checks of both the company and the owner with Guatemala's Arms and Munitions Control Department (DECAM). As a result of the investigation, Post recommends approval of license [050137099](#). End Summary.

[2](#). (SBU) On January 23, PolMil Officer conducted an on-site inspection of Munar S.A./Mundos de las Armas, located at 10a Calle 0-68, Zone 10 and interviewed the company's owner, Oscar Grazioso. Grazioso was fully cooperative during the interview, offered complete access to his records, and a tour of the facility. Munar S.A. is located on a busy street three blocks from the U.S. Embassy and includes a large showroom, several offices, and a large walk-in weapons storage area. In September 2008, PolMil Officer conducted a Blue Lantern inspection of Munar S.A. for the U.S. Commerce Department (ref c) and as a result Post recommended Munar as a reliable recipient of U.S. origin Commodities Commerce. The purpose of the January 23 inspection was to explore the question of Tito Antonio Bassi Leoni's involvement in Munar S.A. raised in ref a.

[3](#). (SBU) According to Grazioso he started Munar S.A. as a private company in 1992. In July of 1993 he incorporated the company into an Anonymous Society with partner Hector Sales Salverria. He stated that he provided the start up capital and Sales, a retired army officer, provided the contacts with the military and foreign arms vendors. In June 1994 he purchased Sales' shares in Munar S.A. and was the sole owner until March 1995, when he went into business with Bassi. He stated that the business deal with Bassi was predicated on both parties providing \$17,000 USD in operating capital. Under their deal Grazioso would run the company and receive a salary, with Bassi providing contacts with several U.S. and European arms vendors. Grazioso stated that while he and Bassi executed the Anonymous Society declaration in 1995, they agreed that Bassi would not receive the actual shares corresponding to his 49 percent ownership until he paid the \$17,000 USD. Grazioso stated that soon after they started working together Bassi began asking for loans to support his other business interests, using a hotel in the Department of Izabal as collateral.

[4](#). (SBU) Grazioso stated that in 1997, since Bassi still had not come up with the money, he issued the shares in his own name, giving himself 100 percent ownership of the company. He added that he still hoped to receive the money from Bassi, and if he did he planned to sign over the shares. Grazioso

stated that by 1999 Bassi owed him over \$139,337 USD and could not pay. At this point Bassi legally ceded his claims under the 1995 Anonymous Society decree for a payment of \$1,500 USD that was credited against his outstanding debt to Grazioso. Grazioso claims that from April 1999 his only relationship with Bassi was his well-documented efforts to recoup the principle and interest on the loans that by 2005 totaled over \$350,000. In 1999, Grazioso executed a third Anonymous Society declaration naming himself the owner of 99 percent of Munar S.A. and his long time accountant/secretary Carla Jeannette Muralles Estrada as a one percent owner. He stated that he named her as a one percent owner to satisfy Qstated that he named her as a one percent owner to satisfy Guatemalan law, but never transferred any of the company's shares to her.

¶5. (SBU) In 2005, Grazioso's lawyers uncovered that Bassi had secretly sold the hotel used to secure the original loans and that multiple other creditors had already attached judgments against Bassi's few visible assets. Grazioso stated that since 2005 he has made no effort to collect from Bassi, but continues to hope that some day he may recover some of his losses. During the interview PolMil Officer examined the original copies of the 1993, 1995, and 1999 Anonymous Society declarations, the original documents signed by Sales and Bassi acknowledging that they relinquished all ownership of Munar S.A., and all of Munar S.A.'s shares dated from 1997 and 1999 indicating that Grazioso has controlled all shares in Munar S.A. from 1995 until the present time. Grazioso also demonstrated a wealth of original documents outlining his failed efforts to collect from Bassi from 1998 untill ¶2005. It appears that Tito Antonio Bassi Leoni has had no involvement with Munar S.A. since April, 1999. (Note: The above account of Bassi's involvement in Munar S.A. differs

from the ref b account in both the date Bassi became involved in the company and in the report's assertion that Bassi was still involved in the company when the report was written. PolMil Officer was unable to determine the cause of the discrepancies, but Grazioso's account is supported by original documentation that firmly establishes the timeline of events. End Note.)

¶6. (C) PolMil Officer also discussed the nature of Bassi's NADDIS hit with members of Post's law enforcement community. According to Post's DEA Office, the nature of the 1995 NADDIS report indicated possible involvement in narcotics trafficking, but offered no conclusive information. Since the original report there have been no further reports of Bassi's possible involvement in criminal activity, and Bassi is not a person of interest to either U.S. or Guatemalan law enforcement. It is also of interest that during the January 21 meeting, Grazioso proudly presented original documentation of the 1996 contract with the U.S. Embassy that he and Bassi had to provide training and equipment to the now defunct Guatemalan Anti-Narcotics Unit, DOAN. The documentation included the original letter signed by the former NAS Director awarding the contract and canceled checks dating from 1996 and 1997.

¶5. (SBU) According to DECAM records Munar S.A. has had no infractions since 2000 and has passed all routine inspections without major incident. According to DECAM's Director, Colonel David Barrientos, Munar S.A. is a large-scale weapons store that has always operated within local laws and regulations. Barrientos added that Grazioso is a well-respected leader in the local Arms Industry and had provided valuable input on needed changes to Guatemala's current Arms and Ammunition Bill.

¶6. (C) COMMENT: PolMil Officer has inspected Munar S.A. on two occasions and has found the company to meet or exceed all local standards. Post's DEA Office indicates that the NADDIS hit on Bassi would be irrelevant even if he were still involved in Munar S.A., and all information available at Post indicates that he no longer has any involvement with the company. Based upon the current inspection and the inspection conducted in September 2008, Post recommends Munar

S.A. as a reliable recipient of U.S Origin Commodities and recommends the approval of license 050137099.

McFarland